

# Income Tax – Law & Practice

Program in which it is offered: B.Com

**Course Category: Core**

**Schedule of Offering: Semester ...**

**Course Credit Structure: 4**

**Course Code: CK159**

- **Lecture: 4 hours**

**Contact Hours per week: 4 hours**

**Instructor:**

## 1. Introduction

It is the duty of an Individual to estimate the tax liability of one's own income and remit the amount to the government. Hence whichever field an individual is earning from, he/she needs to go through the procedures of income tax. This course is designed to make students initially understand the basic principles and provisions of the income tax law prevailing in India and finally compute the Total Income and Tax payable by an Individual. It will also provide a greater insight on how to and where to apply the various sections of Income Tax Act applicable for an individual to compute his taxable income. This course will provide the basics for those students who are willing to take Taxation as specialization.

## 2. Course Objectives

- To acquaint students with an overview of Income Tax Act, 1961.
- To gain enough knowledge on the basic principles and provisions of the Act and the relevant rules.
- To provide working knowledge on the different heads of Income and deductions and enable them to compute the total income and tax payable by an individual.

## 3. Pre-requisites

None

## 4. Readings

### Recommended Texts:

1. Singhanian, Vinod K. and Monica Singhanian. Students' Guide to Income Tax, University Edition. Taxmann Publications Pvt. Ltd., New Delhi
2. Mehrotra, H.C., Goyal, S. P., Direct Taxes Law and Practice- Sahithya Bhawan Publications, Agra.

### 3. Income Tax Act, 1961

**Software:**

- 'Excel Utility' available at [incometaxindiaefiling.gov.in](http://incometaxindiaefiling.gov.in)

## 5. Module-wise topics

### Module 1: Income Tax Essentials (12 hours)

**Topics:**

- An overview on the sources of Income Tax Law in India.
- Basic Concepts: Income, Person, Assessee, Assessment Year, Previous Year, Gross Total Income, Total Income, Maximum Marginal Rate of Tax, Average Rate of Tax, Accelerated Assessment, Rates of Income Tax
- Permanent Account Number (PAN)
- Residential Status of an individual u/s 6(1) and 6(6)(a) and Scope of total income (with cases)
- Income Exempt from Tax applicable for individuals u/s 10

**Learning outcome:**

- Students understand the basic concepts and other preambles of Income Tax.

### Module 2: Income from salary (12 hours)

**Topics:**

- Basis of Charge - Definition of salary
- Exempted salary income (u/s 10)
- Perquisites and valuation of perquisites
- Allowances and tax implications
- Profit in lieu of Salary
- Provident Fund Contribution and Tax Treatment
- Deductions Permissible under the head of income from salary
- Computation of Income from Salary (Practical Problems)

**Learning outcome:**

- Understand different components of salary and to learn how to compute an employee's income from salary.

### Module 3: Income from House Property (8 hours)

**Topics:**

- Basis of Charge
- Income from House Property Exempt from Tax
- Annual Value and its Determination in Various Cases
- Deductions under sections 23 and 24

- Unrealised Rent, Recovery of Unrealised Rent and Arrears of Rent
- Computation of Income from House Property (Practical Problems)

**Learning outcome:**

- Students will learn to compute income of an individual in the form of rent from house property

**Module 4: Profits and Gains from Business or Profession (8 hours)****Topics:**

- Basis of Charge
- Incomes charged under the head 'profits and gains of business or profession'
- Deductions (Sec. 30 to 36) and conditions for allowing deductions (Sec. 37)
- Depreciation
- Expenses/Payments Not Deductible - Expenses Allowed on Actual Payment Basis Only
- Deemed Profits U/S 41
- Computation of Profits and Gains of Business or Profession where Profits and Loss account is available.
- Computation of Profits and Gains of Business or Profession where Receipts and Payment account is available. (Simple Problems only)

**Learning outcome:**

- Students will learn to compute income of an individual from own business or profession.

**Module 5: Capital Gain (6 hours)****Topics:**

- Basis of charge
- Capital assets, Assets not considered as capital assets and Kinds of Capital assets
- Computation of Short term and Long term Capital Gains – Cost of Acquisition and Cost of Improvement
- Capital Gains Exempt from Tax - Capital Gains Account Scheme (only those which are applicable for an individual)
- Computation of Capital Gain and tax on capital gain (Simple Problems only)

**Learning outcome:**

- Students will learn to compute the gains earned or loss occurred from the transfer various capital assets.

**Module 6: Income from Other Sources (4 hours)****Topics:**

- Incomes chargeable under 'Other Source' – Chargeability
- Kinds of Securities and Grossing up of Interest- Bond Washing Transaction
- Deductions Allowed and Deductions not permitted
- Computation of Income under the head Income from Other Source. (Practical Problems)

**Learning outcome:**

- Identifying the incomes that cannot be attributed to any other heads and thereby compute income from other source.

**Module 7: Assessment of Individuals (10 hours)****Topics:**

- Clubbing of Income and Aggregation of Incomes (only theory)
- Set off and Carry forward of Losses - Order of Set off (only theory)
- Computation of Gross Total Income
- Deductions applicable to individuals from Sec 80C to 80GGC and deduction under Sec 80U (computation of donation u/s 80G excluded)
- Computation of Total income and Tax Liability (Simple Practical Problems)

**Learning outcome:**

- Facilitate students to compute the total income and tax liability of an individual.

**6. Pedagogy**

The teaching methodology of this course will mainly be lecture oriented and problem solving. Necessary legal proceedings will also be discussed in lecturing sessions. Towards the end students will be given a demonstration on e-filing. Also they will be given training to enter details in selected forms using Excel Utilities. Quizzes (online) or other games will be arranged for better learning.

Students will be encouraged to critically appraise the latest Finance Bill. Subsequently field visits and exposure can be co-ordinated.

**7. Evaluation Pattern**

• Mid Term Examination	:	25%
• Exercises and Practices (Open Book) – 2 Phases	:	20%
• Task Assignments – Individual and Group	:	15 %
• End-Term Examination	:	40 %
<b>Total</b>	<b>:</b>	<b>100 %</b>